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The Changing Geopolitics in the South Caucasus During the War in Ukraine: Chances and Risks for the Region

By Ralph M. Wrobel*

Abstract

Since February 2022 the geopolitical situation in the South Caucasus changed dramatically. On the one hand, EU sanctions on Russia made the Middle Corridor of the Chinese Belt and Road Initiative through the South Caucasus more attractive for China and Europe, on the other hand the protective power Russia is weakened by the war and the Western sanctions are leaving a vacuum of power in the South Caucasus. As a result, Azerbaijan was able to reconquer the region Nagorno-Karabakh. Therefore, the region is still not more an unassailable Russian backyard or sphere of interest but a place of a new great game of the main powers in the world.

JEL Codes: F14, P2, Z18

Keywords: Geopolitics, Great Game, South Caucasus, Georgia, Armenia, Azerbaijan

1. Introduction

In September 2023 the geopolitical conflicts in the South Caucasus came back to TV screens worldwide. Pictures of thousands of Armenian refugees from Nagorno-Karabakh and news about the capitulation of Armenian troops in the region within Azerbaijan made clear that the South Caucasus is in trouble, again. The helplessness of the Russian peacekeeping forces in Nagorno-Karabakh was obvious. It seems, that since February 2022 – when Russia invaded Ukraine – the geopolitical situation changed dramatically in the South Caucasus. On the one hand, EU sanctions on Russia made the Central Corridor of the Chinese Belt and Road Initiative through the South Caucasus more attractive for China and Europe, on the other hand the *protective power* Russia has been weakened by the war and Western sanctions. Therefore, the South Caucasus is still not more an unassailable Russian *backyard* or *sphere of interest* but a place of a new *great game* of the main powers in the world.

In this paper the geopolitical shifts in the South Caucasus since February 2022 will be analysed. And, specifically, what the chances for conflict resolution or what the risks for the region are. Therefore, after a brief introduction of the basic ideas of geopolitics and its application in the South Caucasus the political, economic and military

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dependencies of all three states in the South Caucasus will be described in detail. Here, economic dependency will be measured mainly by trade and FDI data. Then, in the next section, the shifting interests and strategies of the geopolitical powers as well as the reactions of the local countries will be analysed. In this way, chances and risks for the political reorientation of all three countries in the South Caucasus and for Europe as a still not active geopolitical player will be determined. The final goal is to consider how all three countries in the region can balance the major powers to keep their independence.

2. Application of Geopolitical Theory in the South Caucasus

Altogether, geopolitics studies the effects of human and physical geography on international politics and especially on international relations. In this, it focuses on political power investigating diplomatic history in relation to geographic space, especially over water ways, trade routes, access to natural resources, etc. (Wrobel 2019, 149). The framework of this analysis will be neoclassical geopolitics, which can be defined as ways of "thinking about the effects of geography on international relations that explicitly locate themselves within the Mackinder – […] – Spykman tradition, but which creatively rework it with reference to changed social, economic, political and cultural factors" (Megoran 2010, 187). In that sense, the South Caucasus can be understood as a remaining Russian *backyard* or *sphere of interest*, which is threatened by new larger and smaller powers. The principles of a backyard or primacy of power was formulated by scientists of the U.S. think tank, the Rand Corporation, decades ago. According to Ronfeld (1983), a primacy of one power can be described as a situation based on four principles: First, a region must be secure for the power's "presence, power, and passage"; second, "hostile foreign powers must be prevented from acquiring military bases and facilities there"; third, "foreign balance-of-power struggles must be excluded and prevented from destabilising the region"; and fourth, only a few military resources "have to be dedicated to protecting interests and assets there." In the past, this has applied to the Russian-dominated South Caucasus very well as can be shown in the following sections.

As figure 1 shows, since about three decades the geopolitical situation in the South Caucasus is characterised by local conflicts which are (1) the war between Armenia and Azerbaijan for Nagorno-Karabakh that flared up again and again until September 2023, (2) the stagnating military confrontation of Russia and Georgia in Abkhazia and South Ossetia, and (3) the political conflict between Armenia and Turkey because of the recognition of the genocide of the Armenians in the Ottoman Empire during the First World War and the current Nagorno-Karabakh conflict with Turkey's ally Azerbaijan. The local geopolitical situation has gotten additionally complex by the imposition of sanctions on Iran – the large neighbouring country of the South Caucasus in the South – by the U.S. and other Western states. Therefore, all three states in the South Caucasus were seeking for stabilizing powers outside of the region: While Georgia applied for EU membership in March 2022, Armenia remained as an ally of Russia in the region until now. In contrast, Turkish-speaking Azerbaijan established strong relations with Turkey. Azerbaijan and Georgia are also participating in the Chinese

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Fig. 1: The South Caucasus' Conflict Zones (until 2023)
Sources: https://eurasiangeopolitics.com/south-caucasus-maps/

Belt and Road Initiative (BRI), while Armenia's infrastructure measures are financed mainly by the Asian Development Bank (Wrobel 2022, 3). In this way, all three states in the South Caucasus are seeking to counterbalance the Russian influence in different ways.

The three republics in the South Caucasus have taken different paths since the collapse of the Soviet Union. Nowadays, the South Caucasus is very diverse in political as well as economic terms. While Georgia and Armenia are defective democracies, Azerbaijan must be considered a hard-line autocracy. In the Democracy Index 2022 of the Bertelsmann Foundation Armenia holds rank 39 (index value 6.75) out of 137 countries and Georgia ranks 54 (6.10), while Azerbaijan is only ranked 108 (3.58). Additionally, the Bertelsmann Foundation has evaluated the economic transition in all three countries quite differently: While Armenia is ranked 40 (6.11) and Georgia 52 (5.89), Azerbaijan is ranked 73 (5.36). To compare these data: Estonia is ranked 2 (9.65) in the democracy index and 3 (9.29) in the economic transition index, while Russia is ranked 84 in the democracy index (4.40) and 39 (6.14) in the economic transition index (Bertelsmann Foundation n.d.). As can be seen, it is not only local conflicts and different geopolitical orientations of all three countries, but also the result of 30 years of transition which has created a *patchwork carpet* in the South Caucasus.

On the other hand, from a geopolitical point of view, the South Caucasus is a unique bridge between Europe and Asia. Here Mackinder's *heartland* (Russia) is meeting Spykeman's *rim land* (Turkey and the West) as competitors in the region (Mackinder

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1919; Spykman 1944). In concrete, the South Caucasus plays a crucial role in the transportation of Caspian Sea resources to Western Europe. In particular, the region is of utmost importance for European energy security. Additionally, it can be seen as an increasingly attractive transport route between Europe and Asia. Also, the South Caucasus is closed to the Middle East, the region with the most fossil resources worldwide. And some of the countries of the region share a border with Iran and Turkey who are local geopolitical players. Additionally, the South Caucasus constitutes a part of a larger Black Sea region where the two competing integration strategies – the European Union and Eurasian Economic Union – are clashing (Markedonov 2018, 24). This makes the South Caucasus an important transportation hub between West and East as well as between South and North.

Therefore, ever since Russia attacked Ukraine in 2022, the begin of a new great game for supremacy of the powers as well as a reorientation of the countries in the South Caucasus can be observed. The term *great game* can be traced back to the 19th century when Russia and the British Empire were in conflict for Afghanistan. Later the term was used to describe the U.S. – Chinese conflict in East Asia, too (Wrobel 2019). In a broad sense, a *great game* can be defined as struggle for geopolitical power in a region of the world. This is just going on in the South Caucasus. Besides Russia, the West and China are its main players, but it also includes local powers like Iran and Turkey. The West, mainly the EU and the United States, supported the political and economic transformation in Armenia and Georgia*, i. e.*, by employing their soft power. As a result, both countries have developed to becoming defective democracies at least, even if the Western influence is still limited. For the United States, the South Caucasus is only of importance because of its proximity to Iran, and the EU is still not an active geopolitical player but rather divided in different countries with diverging interests in the region. In contrast, Azerbaijan is strongly supported by Turkey as a common opponent of Armenia and due to its linguistic as well as religious kin. And China has sought to bring Georgia and Azerbaijan together to create a corridor for trade from the Caspian Sea to the Black Sea as an alternative route in the Southern part of Eurasia. Nowadays, since Russia's retreat from the region, the vacuum of power must be filled again.

3. Current Political, Military and Economic Dependencies

3.1 Armenia

In political and military terms an Armenian dependency from Russia can be stated clearly. Ever since the collapse of the Soviet Union, Russia has had military bases in the country: (1) The Russian 102nd Military Base in Gyumri and (2) the Russian 3624th Airbase in Yerevan (Meister 2021, 8) (see fig. 2). In the past the country was also well known as Armenia's protective power, mainly in the conflict with Azerbaijan for Nagorno-Karabakh. Still in the year 2013, the commander of Russia's troops in Armenia announced "[i]f Azerbaijan decides to restore jurisdiction over Nagorno-Karabakh by force the [Russian] military base may join in the armed conflict in accordance with the Russian Federation's obligations within the framework of the

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Collective Security Treaty Organization (CSTO)" (Kucera 2013). The Collective Security Treaty Organization (CSTO) can be traced back to the 1990s and is an intergovernmental military alliance consisting of the six post-Soviet states: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan (CSTO 2023). Then, in 2020, Russia established peacekeeping forces in Nagorno-Karabakh to support Armenia's interest in Azerbaijan. But in September 2023 Russia simply let the Azerbaijani do as they please, to reconquer the territory for Azerbaijan.

In 2015, Armenia also established closer economic ties with Russia by joining the Russian-led Eurasian Economic Union (EAEU). As a result, the country had to refuse to sign an Association Agreement with the EU (Zabakhidze *et al.* 2019, 3). However, a Comprehensive and Enhanced Partnership Agreement (CEPA) with the EU was negotiated in November 2017. Substantial parts of it have been applied since 2018 (European Council 2023a). According to the Eastern Partnership policy of the EU, Armenia can become a prospective member of the European Union, but it has not yet applied for it. Additionally, in 2023, there were also American-Armenian peacekeeping training exercises in Armenia, the so-called *Eagle Partner Exercise* (U.S. Embassy in Armenia 2023). It seems that Armenia is still dominated by Russia but seeking more cooperation with Western countries.

Armenia's dependency on Russia can also be shown by an analysis of trade data. Before the war in Ukraine, in 2021, Armenian exports of about USD 3.36 billion went mainly to Russia (23.5%), followed by other European countries like Switzerland (10.8%) and Bulgaria (5.9%). In Asia, China accounted for 13.2% of Armenia's exports, followed by India (7.39%) and Iraq (5.27%). Within Europe only the Netherlands (5.7%) and Germany (3.62%) were additional relevant export destinations. Main export products were copper ore (25.1%), gold (7.6%) and hard liquor (7.31%), i. e., mainly natural resources (OEC 2023a). Therefore, Armenia's export destinations can be evaluated as quite diversified while a partial dependency on Russia is obvious. This picture is mirrored also on the side of imports. Here, Russia accounts for more than one third (34.4%) of Armenia's imports, followed by China (13.1%) and Iran (7.66%). Other relevant origins of Armenian imports are Georgia (4.81%) and Germany (4.25%) (OEC 2023a). Although the 2019 elected government was looking to diversify alliances and trading partners by strengthening the relationships with two direct neighbours, Georgia as well as Iran, and the important trading partner China (Zabakhidze *et al.* 2019, 3), the approach has not yet been particularly successful.

In 2022, the total stock of FDI in Armenia was estimated at USD 5.6 billion, around 40.4% of the country's GDP. The four major investors in the country were Russia, Greece, Cyprus, and Germany. But significant investments have also been made by members of the Armenian diaspora. The main FDI sectors were energy, telecommunications, metallurgy, hotel services, and air transportation (Standard Bank 2023a). Assuming that some FDI from Cyprus will imply that it may have Russian origin (see *e. g.*, Repousis and Kougioumtsidis 2019), Armenia is also dependent on Russia according to FDI. Altogether, Armenia's political, military and economic dependence on Russia is still visible, but first steps have been undertaken by the Armenian government to reduce it.

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3.2 Georgia

Georgia's population is mainly seeking a Euro-Atlantic integration to have closer ties with NATO and other western partners. In several polls, about 80 % of the Georgian citizens supported the country's bid for EU membership (Chkhaidze 2024). Georgia also plays an important role in regional connectivity and coordination because of its advanced relationships with Azerbaijan, Turkey, and Armenia (Zabakhidze *et al.* 2019, 3). Its location makes it an important transit country for energy resources. Additionally, it is a strategic gateway for trade between Europe and Asia (Boltuc 2023, 6). Only Russia is a hostile neighbour for Georgia. Since the Russo-Georgian War in 2008 about 20 % of the Georgian territory – Abkhazia and South Ossetia – have been occupied by Russian troops. Therefore, the current Georgian government – led by the party *Georgian Dream* – is obsequious to Russia, *e. g.*, in imposing EU sanctions, while huge parts of the population are clearly supporting Ukraine. The Russian threat leads to a pragmatic policy towards Russia, as Irakli Kobakhidze, the Chair of the ruling Georgian Dream party, announced in May 2023 (agenda 2023). Therefore, Russia can be assumed to support the *Georgian Dream* in its attempt to steer the country back into the Kremlin's orbit. That became obvious for several observers, *e. g.*, in the controversial Georgian elections 2024 (Chkhaidze 2024). On the other hand, Georgia is mainly cooperating militarily with Western states. One strong pillar is the U.S.-Georgia Strategic Partnership Commission, which is working "in support of Georgia's total defense approach, Euro-Atlantic integration, and territorial integrity." As one result of the cooperation with the United States, Georgia hosted the largest-ever Noble Partner exercise with US troops in 2018 (U.S. Department of State 2018).

In political terms, the European Union has been the main partner of Georgia in the past. Since 2016, an association agreement between the EU and Georgia has been in force. The main goal was "deepening Georgia's political association and economic integration with the EU." Then, directly after the Russian attack on Ukraine – in March 2022 – Georgia applied for EU membership. Only a few months later, in June 2022, the European Council stated its readiness to grant Georgia EU candidate status (European Council 2023b). But in June 2022 the EU accorded candidate status to Ukraine and Moldova, only, but not to Georgia. This, once again, increased the perception of vulnerability in the country (Biscop 2023, 8). Additionally, it must be taken into consideration that the current ruling party's anti-Western rhetoric drives the country away from the EU, making its request to receive EU candidate status difficult (Kogan 2023, 3).

As result of this political situation, Georgia is nevertheless still much less dependent on the Russian economy than Armenia. Georgian exports in 2021 of USD 5.02 billion were much more diversified than was the case in Armenia. Main export destinations were Asian countries like China (12.6 %), followed by Azerbaijan (10.5 %), Turkey (7.48 %), and Armenia (5.07 %). In Europe, Russia was the main export destination (12.2 %), but Ukraine accounted for 12.2 %, too, and Bulgaria for 6.11 %. Main export products were copper ore (17.0 %) and ferroalloys (9.44 %), followed by cars (9.02 %) (OEC 2023b). Russia and China together accounted for more than one fourth of exports, while local trade partners are on the same level. Pertaining to imports the main origins were Turkey (17.4 %), China (9.43 %), and Russia (9.29 %). Additionally,

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the United States is not unimportant as an import origin (6.66 %) (OEC 2023b). Altogether, China, Turkey, and Russia are the dominating trade partners, but no trade partner exceeds the limit of 20 % in imports and exports for Georgia. The rise of trade turnover between Georgia and China is impressive, which has increased enormously since 2002 and reached USD 1 billion in 2018 – compared to about USD 10 million in 2002 (Zabakhidze *et al.* 2019, 5). It illustrates the rising importance of China in the whole region.

In 2021, the total stock of FDI in Georgia was estimated at USD 19.3 billion, around 103.7 % of the country's GDP. The neighbour Azerbaijan is the largest investor in Georgia due to the ongoing construction of the South Caucasus Pipeline. Therefore, the country holds 18.8 % of the total FDI stock in Georgia, followed by the UK (13.9 %), the Netherlands (8 %), Turkey (6.8 %), and Cyprus (5.6 %). Additionally, the country is increasingly opening up to investment from Asia (Standard Bank 2023b). Pertaining to FDI, Georgia is highly dependent on the oil and gas business between Azerbaijan and Western Europe. But Russia's role as investor in Georgia is also increasing. Between January and September 2023, Georgia received USD 67 million in Foreign Direct Investment (FDI) from Russia, marking a 17 % increase compared to the same period in 2022. However, in 2023 the share of total FDI in Georgia from Russia accounted for only 4.8 % (Transparency International 2024). In sum, Georgia is balancing the power of Europe and China as well as of local partners

3.3 Azerbaijan

The bilateral partnership of Russia and Azerbaijan has clear boundaries because Azerbaijan aims to be independent in the regional energy projects as a partner of the West. Additionally, the government of Azerbaijan clearly and consistently supports Georgia's and Ukraine's territorial integrity. As a result, the Caspian state is not rushing to become part of the Eurasian integration processes led by Russia (Markedonov 2018, 36). But Russian troops were also active in Azerbaijan. After the 2020 Nagorno-Karabakh war, peacekeeping operations were initiated by Russia in the region to monitor the ceasefire agreement between Armenia and Azerbaijan. Russia sent a peacekeeping contingent of 1,960 servicemen to the Lachin Corridor and to the until 2023 remaining Republic Artsakh (Ministry of Defence of the Russian Federation 2020). But Turkey was also involved in the Karabakh conflict. It participated in the joint Russian-Turkish centre for monitoring the ceasefire regime and all military operations in the Nagorno-Karabakh conflict zone (RTJMC) (Radio Free Europe 2020). In place of the EU, Turkey is an influential partner of the regime in Baku. Both countries are the only Turkish speaking nations in the West of the Caspian Sea and therefore have strong cultural links. In 2021 both countries signed the Shusha Declaration on Allied Relations Between the Republic of Azerbaijan and the Republic of Turkey, which can be seen as a bilateral roadmap entailing further political and economic cooperation. It also focuses on defence and mutual military aid. Therefore, the Shusha Declaration also outlined joint efforts to reorganize and modernize the Azerbaijani Army. For several years, there have also been plans for a Turkish military base in Azerbaijan, a debate which has provoked Russia (Shahbazov 2021). That military cooper-

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ation can be seen as one main reasons for the military success of Azerbaijan's troops in Nagorno-Karabakh in September 2023.

As result of the strong cooperation with Turkey, the economic importance of the country for Azerbaijan is understandable. In 2021, Azerbaijani exports accounted for USD 22.8 billion, more than twice the value of aggregate Armenian and Georgian exports. The main export destination in 2021 was Italy (actually the EU) with 41.5 %, followed by Turkey with 12.4 %. In contrast, Russia accounted for only 4.08 %, and China for just 0.64 %. The reason for this export structure is the Azerbaijani focus on oil and gas exports by pipeline. Crude petroleum exports accounted for 59.1 % of all exports, gas for 25.1 % (OEC 2023c). Oil and gas are mainly exported by Baku–Tbilisi–Ceyhan pipeline (oil) and the South Caucasus Pipeline (natural gas) from the Shah Deniz gas field in the Azerbaijani sector of the Caspian Sea. Since 2018, this pipeline has been connected with the Trans-Anatolian Natural Gas Pipeline (TANAP) and the Trans Adriatic Pipeline which allows Azerbaijan to transport its natural gas directly to Southern Italy where it is distributed to several other European countries (Kerimkhanov 2018). In this way, the exports of Azerbaijan are quite undiversified. The country is dependent on its Western customers – or the Western customers on Azerbaijan. For instance, in 2022 the EU and Azerbaijan signed a memorandum of understanding on a strategic partnership in the field of energy policy to reduce European dependence on Russian gas (Adar 2022, 3). In contrast, the import origins are quite diversified: Main import origins are Turkey (19.2 %), Russia (18.2 %), and China (10.4 %) (OEC 2023c).

The total stock of Azerbaijani FDI was USD 31.6 billion in 2021, about 57.9 % of the country's GDP. Russia is the main source of FDI in Azerbaijan. But Western investors have also been becoming more important. In the first nine months of 2022, FDI inflows to Azerbaijan totalled USD 4.57 billion, led by the UK (27.7 %), Turkey (16.4 %), Cyprus (13.5 %), Russia (8.3 %), and Iran (5.6 %) (Standard Bank 2023c). Therefore, rising dependence on Western investors can be assumed. While Azerbaijan is still balancing foreign influence, the cooperation with Turkey and Russia is quite dominant. For Azerbaijan's President, Ilham Aliyev, the cooperation with Russia as well as Turkey is a guarantor of stability in the new geopolitical configuration of the South Caucasus (Huseynov 2021, 33). But as an oil and gas exporting nation Azerbaijan is also dependent on the pipeline routes to the west.

4. Shifting Interests of Geopolitical Powers

4.1 Russia: Weakened by Restoring the Empire?

The first Russian military troops arrived in the South Caucasus in 1722 when the armies of Peter the Great crossed the Caucasus and conquered the Caspian coastline including the town of Baku. At that time, the city was called "the key to the Caspian" by Peter the Great himself (Kopeček 2010, 99). From that time on, Russia was able to establish its power in the region and to control the local peoples, first as part of the Russian Empire, then as Soviet Republics within the USSR. But when Armenia, Georgia, and Azerbaijan became independent states again after the collapse of the USSR in

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1991, Russia also successfully managed to strengthen its influence over the South Caucasus, a region which was called Moscow's "zone of privileged interests" (Huseynov 2021, 30). In the whole region Russia was an indispensable actor for decades. Before invading Ukraine, Russia had been the main mediator between Azerbaijan and Armenia in the Nagorno-Karabakh conflict. But Russia could also be seen as a "patron and protector for separatist regions within the internationally recognised borders of Georgia and Azerbaijan" (Ambrosetti 2022, 5). In this way, Russia was able to cynically maintain frozen conflicts to preserve its regional hegemony. This strategy can be called *divida et impera:* divide and rule!



Fig. 2: Russian Armed Forces in the South Caucasus (until 2023)
Source: own illustration, based on a map by shutterstock.com.

The Russian military presence in the South Caucasus is still obvious. Ever since 1991, Russia has maintained two military bases in Armenia. In 2008, the country occupied Georgia's regions Abkhasia and South Ossetia and established its own military presence there. Since the war between Armenia and Azerbaijan in 2020, Russia also had military control over parts of Azerbaijan by sending so-called peacekeeping forces to Nagorno-Karabakh and the Lachin corridor connecting Armenia with this territory (see figure 2).

In this way, Russia was able to keep other foreign powers out of vast parts of the South Caucasus. Already during the Nagorno-Karabakh War in 2020, Russia punished Armenia and the Armenian leadership for its Velvet Revolution in 2018 as well as its increasing cooperation with the West, a scenario which has already well known

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from cases such as Georgia or Ukraine. However, it must be assumed that Russia's main goal was to ensure a physical presence in Nagorno-Karabakh, and for Armenia to be able to control the potential alternative to the Northern Corridor of the Chinese BRI connection to Europe, the Central Belt – or Middle Corridor – via the South Caucasus, as well as controlling a Western gateway to Central Asia (Toroyan 2023). But due to the Russian peacekeeping force in Nagorno-Karabakh, it was obvious that there were signs of growing concern by both Azerbaijan and Armenia, although for different reasons (Ibrahimov 2022, 67).

When the Russian government decided to attack Ukraine in February 2022, they took a turn towards its Western backyard that still existed in its imagination. Because the war could not be ended immediately – as it may have been planned by Vladimir Putin – other neighbouring regions which were still under Russian influence and control were neglected. Obviously, Russia is less able to defend its interests in the South Caucasus, resulting in continued fighting between Armenia and Azerbaijan as well as in Iranian military exercises on the border of Azerbaijan or Azerbaijani-Turkish exercises (Kogan 2023, 1). Today, because of the Azerbaijani victory in Nagorno-Karabakh in 2023, the Russian military presence within Azerbaijan has become obsolete. Neither Russia nor the CSTO responded to the Azerbaijani attack to Nagorno-Karabakh in 2023. Russia left Armenia alone in one of the hardest times of the state's existence within the last three decades. At the latest since Russian peacekeeping forces started withdrawing from Azerbaijan in April 2024, observers have speculated what Moscow gets in return from the Azerbaijani government (Eurasianet 2024). As a result, in the summer of 2024 Armenian Prime Minister Nikol Pashinyan confirmed Armenia's intention to withdraw from the Russian-led Collective Security Treaty Organisation (CSTO) (Barseghyan 2024). In this way, the Russian military influence in the South Caucasus region already is and will be further reduced.

But as the controversial Georgian elections in October 2024 have shown Russia still has some political power in the South Caucasus. Georgian opponents called the election a "Russian special operation," referring to Russia's full-scale invasion of Ukraine. Three monitoring groups, among them the OSCE, have supported allegations of election irregularities, such as vote-buying, multiple voting, and widespread Russian disinformation. Nevertheless, because the elections have been widely seen as a referendum on Georgia's future geopolitical direction, the victory of *Georgian Dream* can also be seen as a geopolitical victory for Russia (Chkhaidze 2024). While Russia has lost much of its influence in the South Caucasus, some efforts to re-establish its influence in the region via Georgia has been visible in 2024. The main reason is Georgia's pivotal strategic location in the region. The election results will play a very important role in showcasing Georgia's commitment to advancing democratic reforms, strengthening the rule of law, and ensuring judicial independence, key pillars for deepening the country's Euro-Atlantic ties (Gasparyan and Wolkov 2024, 4 – 5). But the comeback of Russian political influence in the South Caucasus should also not been overestimated. As demonstrated by the resignation of the president of Abkhazia – the breakaway republic of Georgia supported by Russia – following massive protests against a pro-Russian investment law in November 2024, Russian influence is not uncontested, even in the militarily controlled parts of the region (Euronews 2024a).

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To summarize: the war that "intended to restore Russian strength has instead left the country weaker" (Laruelle 2022), and Russia has left a military vacuum of power. Only in political terms is Russia still an active geopolitical player in the South Caucasus. As a result, other superpowers' respective regional powers have to enlarge their spheres of interest in the region. But Russia has shown a willingness to defend its strategic geopolitical position.

4.2 The EU & the United States: Neglecting the South Caucasus?

Russia, the United States, and Europe have diverging views about the conflicts in the South Caucasus. Abkhazia and South Ossetia within Georgia, in particular, are seen as newly independent republics by Russia, while the United States and the EU insist on maintaining Georgia's territorial integrity. As a result, both use the term "occupied territories" for Abkhazia and South Ossetia. From a Western point of view, Russian attempts to alter borders in the South Caucasus is an attempt to restore Russian imperial domination in Eurasia (Markedonov 2018, 37). For the United States, the main geopolitical goal in the South Caucasus is to prevent Russia from prolonging and expanding its influence in the region (Oskanian 2022, 12). That can be seen in the broader sense as part of the American containment strategy vis-à-vis Russia. Therefore, it is understandable that the U.S.-led NATO backed Georgia in the 2008 war against Russia, and in 2011 NATO officially recognised Georgia as a potential member. In that way, NATO challenged Russia's traditional sphere of influence in the South Caucasus (Antonopoulos *et al*. 2017, 366). But the South Caucasus is not of utmost importance for the United States.

Unfortunately, the EU – as the United States' largest partner in Eurasia – is not (yet) a relevant geopolitical player. As a club of more and less independent states, it is hard for the EU to find common geopolitical positions and to carry them through. As a result, the EU mainly uses soft power. Instead of being a geopolitical player, the EU is only a payer in the South Caucasus. Engagement on security-related issues such as military cooperation, conflict resolution and systemic rivalries with illiberal actors are absent from the EU's agenda, which certainly applies to the South Caucasus (Lebanidze *et al*. 2022, 21). For instance, the EU failed to make substantial progress in regional geopolitics in the South Caucasus for decades. In contrast, the huge and permanent lack of action by the EU as a mediator or security player in the region has made it easier for other actors to change the rules of the game. But that weakened democratic progress and economic reforms in the South Caucasus (Meister 2021, 1). This failure was already visible during the Nagorno-Karabakh War from September to November 2020 when Russia gained a military presence in Azerbaijan, the only country in the region without any Russian military presence before. This Russian military presence was another major obstacle for the intensification of relations between the South Caucasus and the Euro-Atlantic community. Instead of countering its rival Russia, the EU seemed to accept Russia's zone of privileged interests in the South Caucasus. But that disillusioned pro-Western groups in the region (Huseynov 2021, 28 – 32). Neither the U.S. nor the EU was able to push forward a Western-coordinated peace process as well as further political and economic cooperation with the countries in the South Caucasus.

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After systematic election fraud in Georgia's elections in 2024, the EU did not speak with one voice. The pro-Western aspirations of the Georgian population were neglected by the EU once more. As a result, when a delegation of parliamentarians from France, Germany, Poland, Sweden, Finland, and the Baltic states arrived in Tbilisi in November 2024, they were only welcomed by the opposition but not by the ruling party (Chkhaidze 2024). That makes the geopolitical weakness of the EU in the South Caucasus visible.

Only in economic terms does the EU play a prominent role in the South Caucasus. The Baku-Ceyhan pipeline can be described as "one of the greatest joint achievements of the West in the South Caucasus" (Ibrahimov 2022, 67) and neighbouring countries like Turkey. It greatly contributed to the independence and development of former USSR countries in the South Caucasus. Nowadays, also, there are further opportunities for the EU to deepen cooperation with the countries in the South Caucasus and to strengthen ties of the region to Western democracies. The sizeable aid package aimed at socio-economic development of these countries in the summer of 2021 was a testimony for the potential of the EU to become a relevant player in the new great game for the South Caucasus (Huseynov 2021, 28). And in 2022, the EU announced investment of over EUR 2 billion in an electricity cable from Azerbaijan through Georgia and under the Black Sea. That was one of the first prominent projects under the Global Gateway, the EU's global infrastructure investment programme (Biscop 2023, 8). These European activities also led to reactions in the South Caucasus. Georgia, in addition to highway and railway projects, also tries to boost trade with the EU by constructing a deep-sea port in Anaklia. The port is expected to handle vessels with capacities of up to 10,000 TEUs (Zabakhidze *et al.* 2019, 4).

The idea of an International North-South Transport Corridor (INSTC) from India via Iran and the Caspian Sea to Russia and Europe was also a project supported by the EU. It was mainly India which has started to look for new opportunities to connect with European markets. Armenia is still rebuilding its roads – the so-called North-South highway – that connects the country's border with Iran to its border with Georgia. When Armenia lost control of part of the route between the southern towns of Kapan and Goris after the Nagorno-Karabakh War in 2020, it had to build an alternative road. That was supported with the help of a EUR 2.6 billion aid package from the EU that Armenia received in 2021. Goals of the EU were to promote democracy in Armenia and to support the country's recovery from the Nagorno-Karabakh War (Toroyan 2023). However, the war in Ukraine had a major impact on this route, too. At least in the short term, it is obsolete.

The EU's current interest is simply to maintain reliable energy supplies from Azerbaijan and Central Asia instead of its long-standing energy reliance on Russia (Oskanian 2022, 12). As the Azerbaijani reconquest of Nagorno-Karabakh in September 2023 has shown, the security situation is remaining fragile in the South Caucasus. Additionally, in September 2023 it became obvious how important Azerbaijan's oil and gas exports are to the EU. For instance, the German daily newspaper *Frankfurter Allgemeine Zeitung* remarked on the European reactions to Azerbaijan's actions in Nagorno-Karabakh: "Reactions from foreign heads of state, including from the EU and Germany, were reserved: a few condemnations of the violence, an appeal for a

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peaceful solution, that was it – as one does when one does not want to endanger economic interests" (Wulfers 2023). The newspaper has further emphasized the importance of Azerbaijani gas supplies since 2020 for the European diversification of energy sources after the discontinuation of gas deliveries from Russia. Azerbaijan still supplies only a fraction of Europe's gas. But since Russia's attack on Ukraine, every cubic metre for Europe counts (*ibid.*). But the South Caucasus must be more for the EU than an energy supplier. Therefore, the statement of Ibrahimov must be affirmed: "[We, the West] need to demonstrate that we are interested, care about the region, and are prepared to invest resources into it. Our efforts need to be comprehensive: informational, diplomatic, economic, trade, as well as military cooperation" (2022, 67). As a result, the EU has to learn to be a more active geopolitical player in the South Caucasus, lest other powers will be more influential here in the future. Or, in other words, the EU must turn from a payer to a player.

4.3 China: More Support for the Middle Corridor in Eurasia?

Initially, the BRI proposed three routes starting from China: (1) The Northern Corridor, going through Central Asia and Russia to Europe, (2) The Middle Corridor, running through Central Asia and Western Asia to the Persian Gulf and the Mediterranean, and (3) The Southern (maritime) Road, which runs through Southeast Asia, the Indian Ocean, and then via the Suez Canal to Greece. Before Russia attacked Ukraine in 2022, the BRI by land focused mainly on the Northern Corridor. It crossed fewer number of countries and it created mutual relations between the two great powers: Russia and China (Toroyan 2023). But also in the South Caucasus, the BRI has been suggested by Chinese officials. They supposed that BRI-related projects may create a political and economic environment to diversify activities, to attract more FDI, to improve cross-country coordination, and even eventually harmonize China's and the South Caucasus' trade policies under one – a Chinese – umbrella. Because trilateral cooperation in the South Caucasus is not easy, all three countries are lacking economic development. But the common goal of all three countries is to attract more foreign direct investment (FDI) and cargo. In this way trade relations shall be enhanced and trading partners diversified. Therefore, it is not surprising that all three countries in the South Caucasus have expressed interest in participating in China's Belt and Road Initiative (Zabakhidze *et al.* 2019, 3).

The countries in the South Caucasus are on the way to becoming a part of the BRI corridors, connecting East Asia and Western Europe, leading to larger trade and cargo flows through the region. Especially the Baku–Tbilisi–Kars (BTK) railway and the Trans-Caspian International Transport Route (TITR), which are more relevant to Georgia and Azerbaijan, must be mentioned. In contrast, because of its tense relationship with Azerbaijan and Turkey, Armenia still only has open borders with Georgia and Iran. That provided limited options to Armenia under the BRI. Therefore, over the past two decades, only an insignificant amount of Chinese FDI went to Armenia. But China emphasised the importance of its partnership with Armenia by several publicity projects. They initiated the building of a new embassy in Yerevan – the second largest in the post-Soviet space – and spent approximately USD 12 million for the con-

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struction of a new school where China offers Chinese language classes to Armenian students (Zabakhidze *et al*. 2019, 4 – 6).

The rising economic importance of China for the South Caucasus is also mirrored in trade data of 2021. In Georgia, China has overtaken Russia as an export destination (12.6 % to 12.2 % in 2021) as well as an origin of imports (9.43 % to 9.29 %). For Armenia, China is the second largest trading partner (with 13.2 % resp. 13.1 %) after Russia (with 23.5 % resp. 34.4 %). And in Azerbaijan, China holds third rank as the import origin with 10.4 % after Turkey and Russia (OEC 2023a, b, c). Indeed, China is on the way to replace Russia as the main economic partner in at least two out of the three countries in the South Caucasus. But, until today, the conflicts in the South Caucasus, such as the Russian-Georgian war in 2008, the Nagorno-Karabakh conflict between Armenia and Azerbaijan, Western sanctions against Iran for its human rights violations, as well as many other tensions in the region have prevented the BRI's central route from reaching its full potential in the South Caucasus (Toroyan 2023). The South Caucasus has been, until now, a difficult place for China's BRI ambitions.

In contrast to its rising economic importance in the South Caucasus, China has been avoiding open conflicts with other powers in the region – Russia and the West. For instance, during the Nagorno-Karabakh War in 2020, China was merely an invisible actor. Azerbaijani planes made over 100 flights to China and back with an unknown type of goods for Baku (Abrahamyan 2021). At that time, most other countries were trying to maintain their neutrality. Therefore, it can be assumed that China was interested in an Azerbaijani victory because it would open the corridor between Azerbaijan and Nakhichevan, the Zangezur corridor (Toroyan 2023). That would open up new transport opportunities between China and Europe via the South Caucasus. Today, after the final victory of Azerbaijan in Nagorno-Karabakh, this vision may soon become reality. Additionally, Russia's role as security guarantor in the South Caucasus until September 2023 left China in a comfortable position. The People's Republic welcomed Russian interventions like in Nagorno-Karabakh. As a consequence, China did not have to get its own hands dirty, and could continue to roll out the Belt and Road Initiative (Biscop 2023, 8).

But after the confrontation between Russia and the West in 2022, the Chinese geopolitical strategy in the South Caucasus changed. Due to EU sanctions imposed on Russia and Russian counter-sanctions banning EU trucks from entering the country, the Northern Corridor of BRI has been closed (Toroyan 2023). Therefore, only the Central Belt and the Maritime Road have remained as trade routes for China. But the sea route for exported goods to Europe as well as for the main import of natural resources – mainly crude oil – from the Middle East to China are passing through the Strait of Malacca, which is under control of the United States, with its Singaporean Changi Naval Base (Wrobel 2022, 11). Therefore, China is now actively seeking alternative trade and energy routes. This offers chances for the countries closed to the Middle Corridor – also to the South Caucasus (see figure 3).

But the results of BRI-related projects will be limited for the South Caucasus. Nearly all of the cargo transported from Asia-Pacific to Europe will be brought there via sea routes. Only an insignificant amount of cargo is transported via railway through Central Asia to Europe. Therefore, only a small chance for the South Caucasus exists: The

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Fig.3: The Middle Corridor of BRI
Source: Eldem 2022 https://www.swp-berlin.org/10.18449/2022C64/

expansion of alternative routes from China to Europe is in line with China's overall strategy, to develop the country's landlocked western provinces (Zabakhidze *et al*. 2019, 4–5). Participation in BRI projects may help to develop the infrastructure in the South Caucasus – while not too much cargo should be expected to come from Asia via the region to Europe. Additionally, there are also threats due to the Chinese BRI project, mainly a debt trap. Some observers have suggested "that Beijing is deliberately pursuing 'debt trap diplomacy,' imposing harsh terms on its government counterparties and writing contracts that allow it to seize strategic assets when debtor countries run into financial problems" (Wrobel 2022, 5–6). When considering investing in BRI-related projects like Baku International Sea Trade Port Complex or the Baku–Tbilisi–Kars railway, which is mostly financed by Azerbaijan, the government of Azerbaijan is trying to avoid such a debt trap by relying on its own funding (Zabakhidze *et al*. 2019, 5). This is an important decision to maintain political as well as economic independence from China. But Azerbaijan is a special case in the South Caucasus because of its rich oil and gas reserves. As a result, the threat of a debt trap will be much larger for poor countries like Armenia and Georgia, while gains from additional transport from China to Europe is small. Additionally, it is questionable if China nowadays is also able to enlarge its political influence in the South Caucasus. As some observers believe, in the last years China's importance in world politics is stagnating (*e. g*., Stahnke 2023). But if the West and China are not taking advantage of Russia's retreat in the South Caucasus, who will get the gains?

4.4 Turkey and Iran: Emerging Local Geopolitical Players?

Because of the small interest of the United States in the South Caucasus, the EU's lack of interest in security-related engagement in the region, and China's stagnating role in world politics, Turkey seems to be the new regional power which is able to counterbalance Russia in the South Caucasus (Meister 2021, 6). For instance, since 2020, Russia had to reconcile its activities with Turkey's growing influence in the region, mainly with its special relations with Azerbaijan. The Nagorno-Karabakh War boosted Turkey's influence in the South Caucasus further. Thanks to Turkey's strategic alliance

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with Azerbaijan, the country was able to win the war in 2020 (Huseynov 2021, 31). And it must be assumed that the strong Turkish-Azerbaijani cooperation is also a main reason for the final victory of Azerbaijan in Nagorno-Karabakh in 2023.

Turkish-Azerbaijani relations are not only political, but also economic. In 2019, the Baku–Tbilisi–Kars railway line celebrated a first cargo from Turkey to Georgia. This infrastructure is set to establish transit by railway on the logistical exclusion of Armenia by the two cooperating countries, Azerbaijan and Turkey, via Georgia. The railway can be seen as a geopolitical move of Turkey, in part also because of the refusal of international financing institutions to support the infrastructure project. Instead, the railway was financed by the Azerbaijani and Turkish governments (Gambino 2019, 12). And in 2022, the governments of Azerbaijan, Georgia, Kazakhstan, and Turkey signed a declaration to improve transport routes in the Southern Caucasus as well as in Central Asia as an alternative to the Northern Corridor of the Chinese BRI via Russia (Adar 2022, 2). As a result, Turkey's close cultural ties with Azerbaijan and Central Asia provide Turkey with greater leverage in the whole region. Additionally, the Central Corridor decreases the other Turkic states' dependence on both Russia and Iran (Eldem 2022).

As mentioned, Russia's war in Ukraine and its subsequently forced passiveness in the South Caucasus has created a security vacuum in the region, creating a new geopolitical reality. As a result, the balance of power has shifted in favour of Azerbaijan and the emerging regional geopolitical player Turkey (Dolidze 2022, 18). As much as Russia lost military control over the South Caucasus, the Turkish-backed Azerbaijani forces were able to make incursions into Armenia's territory (Adar 2022, 2). In September 2023, the middle power Turkey was even able to triumph over the century's old Russian hegemony in the South Caucasus by backing the Azerbaijani victory in Nagorno-Karabakh. While Russia is concentrating on its war in Ukraine, Ankara has formed a new strategic partnership with Kazakhstan and Uzbekistan, for instance (Eldem 2022).

But Turkish ambitions in the South Caucasus extend beyond Azerbaijan. Turkey is also working on better relations with Armenia. After 2020, Armenia and Turkey initiated a normalization process between the two countries. This process could lead to an unblocking of all communication channels in the region – and eventually serve as part of the Chinese BRI (Toroyan 2023). Here, it must be emphasised that Turkey was the first country to recognise Armenia after its declaration of independence during the collapse of the USSR. First, the border had been very briefly opened until 1993. But during the Karabakh War, Turkey decided to close the borders again, in solidarity with its Azerbaijani ally (Balci 2022, 22). Now, after the end of the Nagorno-Karabakh conflict, opening its border with Turkey can give Armenia access to alternative routes for its exports and lower its transportation costs to reach world markets. For Turkey, it is important to improve regional links giving opportunities to strengthen the country's positions in the South Caucasus by playing a more active role in regional initiatives to restore trade and transportation routes in the region (Chikhladze 2022, 8). Hence, Turkey can be seen as the most important emerging regional geopolitical player in the South Caucasus.

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In contrast to Turkey, the geopolitical position of Iran in the South Caucasus is far more minor. But focusing the Iranian role in a new emerging geopolitical landscape in the South Caucasus, the withdrawal of the U.S. from the Joint Comprehensive Plan of Action, the nuclear deal with Iran, deepened the Islamic Republic's economic cooperation and increased its diplomatic and political influence in the region (Ibrahimov 2022, 67–68). For many years, Iran consistently supported a vision of a regional security system of conflict settlement in the South Caucasus, the 3 + 3 format officially proposed by Turkish president Recep Tayyip Erdoğan (Javakhishvili 2022, 3). The two triads are composed of Armenia, Azerbaijan, and Georgia, as well as Iran, Russia, and Turkey. That is also the case because Iran is hostile to any Western presence in the region and is not ready to cooperate with the United States or the EU in resolving conflicts in the South Caucasus (Markedonov 2018, 39). Also, Iran's concerns over Azerbaijan's leading ally, Turkey, especially the spread of pan-Turkic ideology close to Iran's border, and its increasing influence in the South Caucasus improved relations between Iran and Armenia – as well as with Georgia. Additionally, Iran fears a growing cooperation between Azerbaijan and Israel focusing on reports about Israel's use of Azerbaijani territory for various anti-Iranian operations (Kazantsev-Vaisman 2024).

As a result, Iran's economic relations with Armenia and Georgia have been deepening. Nowadays, Georgia serves as an important transit point for Iranian goods heading to Europe. A lot of Iranian companies have been turning to Georgia to bypass the sanctions of the United States and reach European markets. Therefore, Tehran and Tbilisi are negotiating within the framework of the International North-South Transport Corridor (INSTC), for instance (Boltuc 2023, 6–8). Armenia, for Iran, is also an important economic and energy partner. Concretely, Armenia sees Iran as the only possibility to mitigate its unilateral economic and energy dependence on Russia by receiving gas from Iran. But on the other hand, for Iran Russia's military presence in the region is important to counterbalance the rival Turkey and its dominance in Azerbaijan (Meister 2021, 7). The special geopolitical position of Iran, characterized by Western sanctions and limited influence in the northern neighbouring region, the South Caucasus, may also explain Iran's support of Russia's war in Ukraine. As a US Intelligence report mentioned already in 2022 "Iran provided Russia with unmanned aerial vehicles (UAVs) to sustain Moscow's ability to attack Ukraine after severely depleting its own stores of precision-guided munitions in the war's opening months" (Euronews 2024b). Therefore, Iran can also be seen as a Russian ally in the great game in the South Caucasus.

Therefore, the Iranian leaders opposed any change to the Armenian-Azerbaijani border. After the Nagorno-Karabakh War in 2020, the government of Azerbaijan demanded the creation of a so-called Zangezur Corridor, a corridor that would connect Azerbaijan with Nakhichevan (see figure 4). But such a corridor would essentially separate Iran and Armenia (Toroyan 2023). After the victory of Azerbaijan in Nagorno-Karabakh in 2023, the discussion was on the agenda again. For the participating countries – from China via Central Asia to Azerbaijan and Turkey – the Zangezur corridor is a "golden opportunity" (Gawliczek and Iskandarov 2023, 37) to make the route through the South Caucasus even shorter and more secure. But for Armenia and Iran it could be a new geopolitical problem – perhaps a blockade. Fortunately for them, in

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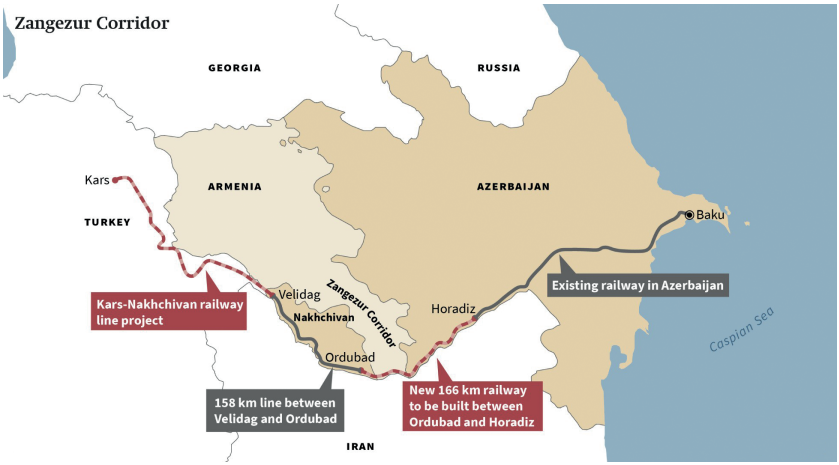

Fig. 4: Zangezur Corridor in the South Caucasus
Source: Eldem 2022 https://www.swp-berlin.org/10.18449/2022C64/

2024 Azerbaijan has agreed to withdraw the demand for a Zangezur Corridor through southern Armenia from a peace agreement with the country (Barseghyan and Farhadova 2024).

Only, after abolishment of Western sanctions on Iran was there a realistic chance for the country to be incorporated into a broader net of transportation in the region, the Trans-Anatolian Gas Pipeline (TANAP), for instance (Ibrahimov 2022, 68). That would be also a chance for Armenia to be the connection between TANAP's continuation in Georgia, the South Caucasus Pipeline, and the natural gas pipeline net in Iran. Additionally, the International North-South Transport Corridor (INSTC) from India via Iran and the Caspian Sea to Russia and Europe can become a new chance for Armenia and Georgia when all conflicts in the region – from Ukraine to Iran – are solved. To summarize, while Turkey was able to fill the vacuum of dwindling Russian power in the South Caucasus at least partially in the past years, Iran has been challenged with the new geopolitical situation.

5. Consequences

As could be shown, the geopolitical shifts in the South Caucasus since the Russian war in Ukraine are fundamental. Russia's military weakness in the region has created many opportunities, but it also includes several risks. For Armenia the tragic end of the war for Nagorno-Karabakh in September 2023 entailed at least about 120,000 refugees from Nagorno-Karabakh who must be integrated into Armenian society. But that may also include a historical chance to end the hostile relation to Azerbaijan as well as to Turkey. Until now, the country is isolated between both hostile neighbours, having access to the rest of the world only via Georgia and its harbours in the Black

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Sea – and a small and critical connection to Iran, a country suffering from international sanctions and supporting the Russian war in Ukraine. From now on, a new chapter in the Armenian history could be opened connecting Armenia with its Western and Eastern neighbours and opening up the country for more trade by cheaper trade routes as well as for more international FDI. Nowadays, it can be argued that against the backdrop of the war in Ukraine and the victory of Azerbaijan in Nagorno-Karabakh, Armenia can no longer delay the construction of this critical new transport route between Europe and Asia (Gawliczek and Iskandarov 2023, 37). But that may open up more opportunities to Armenia to balance foreign powers and to keep its own independence.

Because of the territorial conflict with Russia, Georgia still has no realistic chance to become a NATO member in the next decade. The EU candidate status has still not been conclusively negotiated. Additionally, after the 2024 elections, it must be feared that the current government is turning further towards Russia. But this is a threat to European interests in a free passage of natural resources from Azerbaijan via Turkey to the EU as well as trade between China and the West on the Central Corridor. Currently, a South Ossetian border post is located just 450 meters away from the highway connecting the Black Sea and the Caspian Sea (Markedonov 2018, 33). As long as the EU is unable to recognize and enforce its geopolitical interests, Georgia's geopolitical independence will be still limited.

The clear winner of the changed geopolitical situation in the South Caucasus is Azerbaijan. While the Russian peacekeeping troops on Azerbaijani territory between 2020 and nowadays could have been a key factor to bring Azerbaijan back into the Russian sphere of influence*, e. g.*, to force the country into the Eurasian Economic Union, since the Azerbaijani-Turkish victory in Nagorno-Karabakh the Russian influence in Azerbaijan has become much smaller. When the Russian troops leave the country as scheduled, Azerbaijan is in a very comfortable geopolitical position. Its independence seems to be secured.

Altogether, the countries in the South Caucasus have to keep an eye on those geopolitical players who are able to counterbalance Russia as a former hegemonial power. While the United States is withdrawing from the region and the EU remains unwilling to engage more on security issues in the region, illiberal powers like China, Turkey, and Iran may play an increasing role. But all regional geopolitical powers, Russia, Turkey, and Iran, have the common interest to build transit routes through the South Caucasus to link China with Europe, and India with the Global North. This opens up several new opportunities for the countries in this region. And it brings new challenges to the main geopolitical players in the South Caucasus, Russia, the EU, and China.

First, Russia has lost a lot of its influence in the region. Its inability to intervene in the Nagorno-Karabakh war in September 2023 made clear that the South Caucasus is no longer a focus of the Russian government. Russia started to draw back its peacekeeping troops from Azerbaijan in April 2024. A disappointed Armenia will try to shake off the Russian paternalism as soon as possible, too. As a first step, the government has already announced a withdrawal from the Collective Security Treaty Organisation (CSTO). In contrast, Georgia is moving back into the Russian orbit step by step. The war in Ukraine was obviously – at least for a period – the end of Russian military hegemony in the South Caucasus while at least some political power remains.

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Second, the EU hast to counterbalance the other major powers – mainly a dwindling Russia and an ascendant China, but also Iran and Turkey – in the South Caucasus. That should be done through close partnership offers with the EU. There are still relevant pro-European aspirations among the local people, and the EU holds a substantial share of the region's foreign trade. Additionally, EU members have critical significance as investors in the region (Huseynev 2021, 33). And Azerbaijan's oil and gas fields – directly connected by a pipeline to Italy – are of high importance for European energy security. Now the EU should play a more active role in the post-conflict peace process between Armenia and Azerbaijan to substitute the failed Russian peacekeeping mission. The West as well as Turkey tries to ensure the flow of resources of the South Caucasus and Central Asia to Europe, bypassing Russia and Iran. In this way, the influence of Russia and Iran can be reduced further (Gawliczek and Iskandarov 2023, 39). But the EU should not only focus on Azerbaijan. To participate in a pacification process in the South Caucasus would secure the energy supply via the region to Europe, on the one hand. And on the other hand, it would create a democratic and free channel of nations between Russia in the North and Iran in the South for East-West trade.

Third, the West also has to take into consideration that its strategic interests are more dangerously challenged by China in the South Caucasus. China's influence is rising not through military capabilities but soft power, such as steadily increasing Chinese investments in the region. But this will have dramatical impacts on the European energy and national security interests in the long run. It must be seen that over the past few years, China's economic presence has grown in all three South Caucasus states. The result is an increase of Beijing's geopolitical influence in the region (Ibrahimov 2022, 70). But China's economic presence also offers opportunities for the South Caucasus. A sustainable peace in the region could open all transportation corridors in the region – the BRI between East and West as well as the North-South Corridor. In this way, the South Caucasus could free itself from Russian control and would have a chance to become an interdependent transport hub at the crossroads between China and Europe as well as between India and the North.

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